CANADA — PRINCE EDWARD ISLAND

CROP INSURANCE

ANNUAL REPORT
1988 - 89

Prince Edward Island
Crop Insurance Agency

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90-03598/

PHONE 368-4870

PRINCE EDWARD ISLAND

CROP INSURANCE AGENCY

JUNE 30, 1989

The Honourable Keith Milligan
Minister of Agriculture
Dept. of Agriculture
P.O. Box 2000
Charlottetown
Province of Prince Edward Island

Sir:

I have the honour of submitting herewith the Annual Report of the Canada-Prince Edward Island Crop Insurance Agency.

This report includes a brief summary of operations and the audited Financial Statements for the fiscal year ending March 31st, 1989.

Respectfully submitted,

Bill Lewis
Chairman of the Board
Prince Edward Island
Crop Insurance Agency

1988 - 89 ANNUAL REPORT
OF
THE CROP INSURANCE AGENCY OF P.E.I.
FOR THE FISCAL YEAR ENDING MARCH 31, 1989

BOARD MEMBERS

Bill Lewis	Chairman
Raynall MacNeill	Secretary
George Walsh	Member
Ronnie MacWilliams	Member
John MacKinnon	Member

OFFICE STAFF

Scott MacPhail	Acting Manager
Michele MacIntyre	Accountant
Gloria Dalziel	Secretary

FIELD STAFF

Holland Cahill	Tignish
Clarence Ross	Bonshaw
John Fitzpatrick	Sherwood

The Prince Edward Island Crop Insurance Agency is a Crown Corporation of the Province of Prince Edward Island under the authority of the Minister of Agriculture.

OBJECTIVES OF THE AGENCY

(a) The objectives of the Agency are to make available to Prince Edward Island farmers, a comprehensive all-risk crop insurance plan, which in years of crop losses will return to the farmer his cost of production.

(b) Offer protection against crop loss caused by all natural hazards from date of seeding to the final harvest date.

RESPONSIBILITIES

1. Administration of the Crop Insurance Act.

2. Administration of Crop Insurance Plans, established by regulations, including the function of selling, underwriting, claims adjusting and accounting.

3. Conducting surveys and research programs relating to crop insurance.

4. Train staff to maintain a high degree of efficiency of operation.

FINANCIAL PARTICIPATION

The Government of Canada provides financial assistance to the Canada-Prince Edward Island Crop Insurance Program by contributing fifty percent of the total premium required each year. The Federal Government's contribution to this program totalled $1,257,268.87 for the year 1988 - 89.

The Government of Prince Edward Island contributes all of the administrative costs, totalling approximately $209,986.00 for the year 1988 - 89.

P.E.I. CROP INSURANCE PROGRAMS FOR 1988 - 89

PLANS AVAILABLE	COVERAGE AVAILABLE	UNIT PRICE	PREMIUM RATE
1. Potatoes	75%	3.5, 4, 4.5 & 5 cents per lb.	7%, 9% & 12%
2. Spring Grains	75%	5, 5.5, 6 & 7 cents per lb.	10.00%
3. Field Peas	75%	5, 6 & 7 cents per lb.	10.00%
4. Corn	75%	$12.00 per ton	10.00%
5. Tobacco	80%	90% of last two years' average	5.60%
6. Processing Peas	80% of previous six years producer's average	90% of industry's average price	10.00%
7. Cabbage	70%	$2.50 per bushel	9.50%
8. Cole Crops	80%	90% of last two years' average price	12.00%
9. Rutabagas	80%	$1.50 per bushel	14.00%
10. Winter Cereals	75%	7 cents per lb.	10.00%
11. Soybeans	75%	12 cents per lb.	10.00%
12. White Beans	75%	25 cents per lb.	10.00%
13. Strawberries	up to $1,400 per acre		8.60%

1988 CROP SUMMARY

CROP	CONTRACTS	ACRES	PREMIUM	COVERAGE	INDEMNITIES
Potatoes	542	25,920.40	1,975,017.96	19,399,786.84	675,778.86
Grain*	106	9,704.00	96,133.93	998,504.49	109,641.18
Winter Wheat	3	89.00	1,351.70	13,518.96	1,350.00
Soybeans	11	778.00	11,426.91	114,274.04	8,827.12
Strawberries	3	19.75	1,990.30	20,350.00	Nil
Cole Crops**	10	172.50	24,646.48	156,938.69	23,631.22
Processing Peas	13	984.00	38,907.36	389,101.22	118,551.15
Rutabagas	11	90.25	6,844.63	49,501.80	501.00
Tobacco	47	2,578.60	358,219.09	6,953,067.84	221,081.38
Totals	**746**	**61,036.90**	**2,514,537.74**	**28,095,043.88**	**1,159,361.91**

*Wheat
Oats
Barley
Mixed Grain

**Broccoli
Cabbage
Brussel Sprouts
Cauliflower

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

P.E.I. CROP INSURANCE AGENCY
FINANCIAL STATEMENTS
MARCH 31, 1989

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To the Board of Directors of the
Prince Edward Island Crop Insurance Agency

I have examined the balance sheet of the Prince Edward Island Crop Insurance Agency as at March 31, 1989 and the statement of revenue, expense, and deficit for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Agency as at March 31, 1989 and the results of its operations for the year then ended in accordance with the basis of accounting as disclosed in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

J. Wayne Murphy, C.A.
Auditor General

Charlottetown, Prince Edward Island
June 13, 1989

PRINCE EDWARD ISLAND CROP INSURANCE AGENCY

BALANCE SHEET

MARCH 31, 1989

(with comparative figures at March 31, 1988)

ASSETS

Current Assets	**1989**	**1988**
Cash	$ 90,310	$ 24,714
Accounts Receivable	945	6,981
Prepaid Interest	17,399	71,901
	$ 108,654	$ 103,596

LIABILITIES AND DEFICIT

Indemnities Payable	$ 95,758	$ 18,614
Deferred Revenue	3,604	6,188
Promissory Note — Province of P.E.I. (1989: 11.9%, 1988: 9.4%)	462,000	1,841,000
	561,362	1,865,802
Deficit — Note 3	452,708	1,762,206
	$ 108,654	$ 103,596

(The accompanying notes and Schedule 1 are an integral part of these financial statements.)

ON BEHALF OF THE BOARD:

DIRECTOR: _____

DIRECTOR: _____

PRINCE EDWARD ISLAND CROP INSURANCE AGENCY

STATEMENT OF REVENUE, EXPENSE AND DEFICIT

FOR THE YEAR ENDED MARCH 31, 1989

(with comparative figures for the year ended March 31, 1988)

	1989	1988
Revenue		
Insurance Premiums	$ 1,257,269	$ 1,295,722
Federal Contributions — Note 1 (b)	1,262,318	1,297,034
Provincial Appropriation — Note 2	209,986	214,258
Interest	27,591	54,390
	$ 2,757,164	$ 2,861,404
Expense		
Indemnities — Schedule 1	1,159,361	4,144,640
Administrative Expenses — Note 2	209,986	214,258
Interest	78,319	38,160
	1,447,666	4,397,058
Loss (Income) for the Year	(1,309,498)	1,535,654
Deficit at Beginning of Year	1,762,206	226,552
Deficit at End of Year	$ 452,708	$ 1,762,206

(The accompanying notes and Schedule 1 are an integral part of these financial statements.)

PRINCE EDWARD ISLAND CROP INSURANCE AGENCY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1989

1. Summary of Significant Accounting Policies

The accounts are maintained on an accrual basis of accounting with the following modification:

(a) Equipment is expensed when purchased.

(b) The Government of Canada contributes amounts on a quarterly basis to match the premium income paid by insured farmers.

2 Provincial Appropriation — Administrative Expenses

The administrative expenses were appropriated by the Province of Prince Edward Island and paid through the Department of Agriculture on behalf of the Crop Insurance Agency.

Administrative Expenses	**1989**	**1988**
Salaries	$ 161,633	$ 188,248
Travel	27,638	23,553
Supplies and Administration	880	1,109
Fees — Board Members	1,294	1,348
Equipment	18,541	Nil
	$ 209,986	$ 214,258

3 Deficit

Section 65 of the Financial Administration of the Province states that, "profits or losses of Crown Corporations shall be taken into the revenues or expenditures of the Consolidated Fund in the year in which they become apparent unless the Lieutenant-Governor in Council declares by Minute-in-Council that the profit is to be retained or the loss recouped by the Crown Corporation." Order-in-Council No. 437/89 states that the accumulated deficit of the Prince Edward Island Crop Insurance Agency for the year ended March 31, 1989 in the amount of $452,708 shall be recouped by the Corporation.

SCHEDULE 1

PRINCE EDWARD ISLAND CROP INSURANCE AGENCY

SCHEDULE OF PREMIUMS AND INDEMNITIES BY PROGRAM

AS AT MARCH 31, 1989

	Excess Indemnities (Premiums) Beginning	Premiums	Indemnities	Excess Indemnities (Premiums) Ending
Potatoes	$ 3,958,566	$ 1,980,018	$ 675,779	$ 2,654,327
Tobacco	(1,634,213)	358,268	221,081	(1,771,400)
Grain	(347,088)	96,133	109,641	(333,580)
Cole Crops	325,662	24,646	23,631	324,647
Rutabagas	16,762	6,845	501	10,418
Processing Peas	(65,995)	38,907	118,551	13,649
Corn	1,344	—	—	1,344
Winter Wheat	36,136	1,352	1,350	36,134
Soybean	101,008	11,427	8,827	98,408
Other	16,552	1,991	—	14,561
	$ 2,408,734	$ 2,519,587	$ 1,159,361	$ 1,048,508
Other Surpluses				(595,800)
Deficit				$ 452,708